



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
OFFICE OF FINANCIAL AND INSURANCE REGULATION  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
STANLEY "SKIP" PRUSS, DIRECTOR

KEN ROSS  
COMMISSIONER

April 10, 2009

Robert E. Feldman, Executive Secretary  
Attention: COMMENTS  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Dear Mr. Feldman:

I appreciate the opportunity to provide comment regarding the proposed Legacy Loans Program. The management of record high volumes of troubled assets has been a significant burden on financial institutions of all sizes. In the absence of a ready market, a means of removing troubled assets from bank books at fair prices has been awaited eagerly since the first announcement of the Troubled Asset Relief Program. I urge the FDIC to expedite development and implementation of the Legacy Loans Program.

It is critical, from my perspective, that institutions of all sizes have access immediately on opening the Legacy Loans Program to sell their troubled assets through the program. There has been significant criticism of the funding preference given the very largest institutions in earlier TARP programs such as CPP, and it is important to assure that at startup of the LLP there is a vehicle for participation by community financial institutions. If the program has a minimum size requirement in excess of several million dollars, smaller institutions should have the opportunity to pool their assets for sale through the program. I understand that there has been some suggestion that the largest sellers in the program receive incentives for acting as asset pooling facilitators for smaller institutions. Given the large volume of real estate credits likely to be presented, the Federal Home Loan Banks also should be considered for this role.

Consideration should be given, as well, to allowing participation in the program by troubled institutions. Clearing balance sheets of troubled assets may make them more attractive to investors, potentially reducing the number of bank failures resulting from the current economic crisis and bolstering public confidence in the nation's financial system.

All categories of troubled assets should be eligible for sale through the LLP, though residential and commercial real estate portfolios present the largest opportunity. We recommend including Other Real Estate Owned among eligible assets. Focussing the program on legacy real estate

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related assets initially will provide efficiencies, maximize the initial impact of the program, and provide an experiential basis for subsequently structuring sales of other assets.

I urge the FDIC to act with all possible expedition to structure and implement the Legacy Loans Program. It has the potential to be of great benefit to the nation's banks and the communities they serve.

Sincerely,

A handwritten signature in black ink, appearing to be 'Ken Ross', with a large, stylized 'K' and 'R' and a long horizontal stroke extending to the right.

Ken Ross  
Commissioner

cc: Neil Milner, Conference of State Bank Supervisors